

SOCIAL ACTION



URE DOMESTIC TRANQUILLITY

OWARD ECONOMIC DEMOCRACY

BENSON Y. LANDIS

SOCIAL ACTION

(A MAGAZINE OF FACT)

Published by the Council for Social Action of the
Congregational and Christian Churches

289 Fourth Avenue

New York City

May 15, 1938

Editorial Committee: HUBERT HERRING

ALFRED SCHMALZ, MARGUERITTE BRO

CONTENTS

TOWARD ECONOMIC DEMOCRACY	1
THE CRISES CONTINUE	1
OUR 'MIXED' ECONOMIC SYSTEM	5
FUNDS OF IDEALISM	8
CONCERNING PRACTICAL IDEALISM	9
BUILDING A FUNCTIONAL ECONOMIC DEMOCRACY .	10
VARIOUS LINES OF ACTION	12
CONCRETE PROGRAMS	14
Credit Unions	14
Consumers' Cooperatives	15
Farmers' Marketing Cooperatives	18
Democratic Labor Unions	19
Public Ownership	21
Social Insurance	23
Balance and Integration	24
LET'S DISCUSS AS WE ACT	26
MOTIVES AND RESULTS	27
THE CHURCH IN THE DEMOCRATIC PROCESS	28

The Reliefs we have used on the front and back covers are from the Sculpture groups on the facade of the community center, Greenbelt, a new Resettlement town. Lenore Thomas is chief of the sculpture unit. Used by permission of Farm Security Administration. Photographs by Rothstein.

SOCIAL ACTION, Volume IV, Number 6, May 15, 1938. Published once a month, throughout the year. Subscription \$1.00 per year; Canada, \$1.40 per year. One to 9 copies, 10c. each; 10 to 49 copies, 7c. each; 50 or more copies, 5c. each. Entered as second-class matter September 15, 1936, at the Post Office at New York, New York under the Act of March 3, 1879.

Toward Economic Democracy

• by BENSON Y. LANDIS

INTRODUCTION

•

This pamphlet has simply one practical purpose—to set forth techniques of economic cooperation that may lead to economic democracy.

These words are addressed to anyone interested. Here and there, however, certain words are addressed particularly to the people in the churches, young and old, who are insistently asking, "What shall we do?" They have been brought up in a tradition that motivated them to want to have a part in meeting the need on every hand and are impressed with the seriousness of our economic situation. By the thousands they say they have been taught a vague idealism, but not strategy. This pamphlet is addressed to them on the assumption that every economic problem is also a religious one.

The suggestions which follow are an attempt to give answers—not *the* answer. They are drawn from many experiments and movements, from the writings of many people here and abroad. The effort is to distil that experience and thus to provide an introduction to promising movements of economic democracy. These lines that are mainly about action are written humbly, because the writer of the lines regards himself as a poor performer. They are just one individual's contribution to a series of movements that he values highly.

I.

THE CRISES CONTINUE

Our economic crisis continues. Recently a woman asked her husband what had brought on the economic "recession" of the winter of 1937 and the spring of 1938. He said it was the same thing that had brought on the depression of 1929. She asked, "what was that?" "That," he said, "we are not so sure about."

Just as history cannot be "understood" completely or objectively, but is always variously interpreted, so the nature of the baffling economic crisis of the thirties cannot be understood and declared with finality. No man has yet stated the exact nature of the functioning of our economic order. Every so

often we are told to leave this matter of the economic crisis to the economists or the experts. To which economists or to which experts shall we leave it? In this matter the ordinary laymen does not differ from President Roosevelt or the National Association of Manufacturers. They choose their experts. We are also often told not to concern ourselves overly much with crises—we have had them before and they have passed and we will have them again and they will pass. To some of us this is counsel of futility or escape, and we repudiate it. We are still a nation with people of boundless energy. We are still young. We have great stores of natural and material resources. We have the means whereby we might attain an economy of abundance, but instead of that we have a series of messes.

President Roosevelt, who received more votes for an elective office than any one in the world, is reported to have said that most of the nations of the world are bankrupt. In 1934 Nicholas Murray Butler said, "The world is bankrupt." In the United States, the voluntary government registration of November 1937 disclosed almost 11,000,000 persons wholly unemployed. This was one million more than the American Federation of Labor had estimated, and great newspapers had been assuring their readers that the A.F. of L. figure was too high. In addition to the 11,000,000 wholly unemployed there were almost 5,000,000 partly unemployed. In November 1937, the factories of the very industrialist who directed the voluntary registration laid off considerable numbers of employees. In the spring of 1938, the unemployment situation continues to grow more acute.

Some of us have the impression, as we read and talk with others, that:

Industrial unemployment has not been adequately relieved or effectively dealt with.

Governmental spending for priming the pump has not even met the expectations of its advocates, nor is there assurance that further priming will do so.

Self-regulation by powerful, autocratic corporations accustomed to exploit both labor and consumers is not likely to be in the public interest.

Neither business pleading for freedom, nor government following contradictory procedures of leadership and regulation, are meeting the economic needs of the great body of the people.

The crisis in political democracy is, of course, bound up with the economic crisis. It takes only superficial observation to recognize that political democracy is on the defensive in most parts of the world. Most of the discussion about democracy is about political democracy because we have had very little economic democracy to talk about.

Here in the United States we have certain great assets when we consider political or economic democracy. Many of our people are aware of great issues. Many are unfavorably impressed with modern dictatorships elsewhere. Many are working to preserve popular institutions.

Now many of us are saying: "If we want to preserve political democracy, we must go ahead and create economic democracy. We didn't go the whole way with democracy. Now the situation has become so critical that political democracy must be undergirded by a functional economic democracy." We want our economic crisis dealt with in a way to preserve political democracy and a high degree of personal freedom.

II.

OUR 'MIXED' ECONOMIC SYSTEM

Every once in a while when there is a serious discussion of "What shall we do about capitalism?" someone raises the question, "Do we have capitalism?" And many a person who holds that we must have "a new economic system" has been flustered when asked "What kind of a system do we have?"

Recently the Delaware, Lackawanna and Western Railroad wished to make a short term loan. It applied to the First National Bank of New York to borrow \$1,000,000 for six months at 3 per cent interest. The Bank said yes, but that did not

complete the transaction. The Railroad then made an application to the Interstate Commerce Commission in Washington for permission to borrow the money from that bank. This procedure is something different from every man for himself. Whether or not the federal Interstate Commerce Commission has provided the wisest possible public regulation of the railroads, this is an illustration of one way our historic, free, private, competitive economic enterprise has been changed.

It is very hard to generalize about the economic institutions we have in the United States when we find, for example, on our scene:

Privately owned railroads whose competition and almost every other activity is regulated by one governmental body, the Interstate Commerce Commission, and which have in many instances borrowed huge sums of money from another government agency, the Reconstruction Finance Corporation, the biggest bank we have ever had in the United States, started in 1932, under President Hoover.

Privately owned, but publicly regulated, monopolies producing and distributing light and power, and doing most of this business.

Publicly owned utilities furnishing about 6 per cent of the light and power.

Cooperatively owned electric utilities among farmers, established by federal government initiative and loans from federal funds.

A federal government yardstick, named the Tennessee Valley Authority, to determine what power production should cost.

Almost seven million farmers, operating as scattered family units, always thought of as rugged or ragged individualists, now demanding national guidance of production and regulation of their markets so as to insure them stable prices and adequate standards of living.

Huge integrated manufacturing corporations, highly concentrated in control, cooperating with one another in trade asso-

ciations which apparently enable them to carry on some practices usually associated with monopoly, such as some control of prices and production.

Several million workers employed on special public works, administered by various combinations of the alphabet, such as CCC, WPA.

Several million other families consuming only by means of the home relief funds voted to them by the government.

Consumers cooperatives doing only one per cent of the retail trade of the nation, but growing fast in hard times and now saying they can compete even with the mass distribution of chain stores.

Numerous "little fellows" in independent businesses, mainly retailing and service trades, sometimes called the only traditional capitalists left among us, waging a competitive struggle for life against highly organized chain stores and mail order houses.

Privately owned distributors running to Washington pleading for new laws to help them maintain prices from manufacturer to consumer.

Most of which is not much like the good old days when there was good old competition. The growing body of public opinion in favor of governmental guidance in the public interest has already worked many modifications.

Is a mixed economic system a hopeful element? Might it be called a sign of strength? Is it promising to have some competition between economic systems, instead of the old competitive struggle between individuals or corporations? Is it a good thing to have some utilities privately owned, some publicly owned, some cooperatively owned? Is it in the public interest to have some check on every economic enterprise, public or private, so as to avoid the routine and lethargy which are always associated with "bureaucracy" and monopoly?

Probably there can be nothing more important for our economic future than that we should think on these things.

III.

FUNDS OF IDEALISM

Recently it was observed that most of the leaders of all the nations of the world were in the grip of defeatism, that they had been in it for a long time, and that there was no sign of the grip's relaxing. We often hear among the many who have not escaped defeatism, that Fascism is inevitable in the United States. Sometimes these even state their conviction in such a way that one almost thinks they wished instead of feared its consummation. This writer once turned on a leftist who predicted Fascism within two months—it is always two months away, and has been for five years—and asked: "Do you really want Fascism because you think it will aid any cause in which you are interested?" When thus pressed he said, No he preferred this blundering, bungling combination of democracy and capitalism, because it at least permitted him to propagate his ideas and was sufficiently flexible for modification.

But our popular moods are not so easily or hastily disposed of. When one gets away from the financiers of New York, away from certain great Eastern universities, away from intellectuals whose knowledge is never tested in a workaday world, one finds a ferment, a search for new values and new ways, a wish to be venturesome, a will to be experimental in social and economic affairs. For some years now I have had contact with the leaders of rural youth groups. They are still close to the soil, close to the processes of the farm, and consequently there is much health in them. Among them the funds of what may be called idealism run high, even though they have already borne heavy burdens and have paid much of the cost of the recent, and present, depression. Also I have the impression that college youth of 1938 have an outlook decidedly more sensitive to social and spiritual values than had college youth in 1928.

Because of the age composition of our population, more people celebrated their 17th birthday in 1937 than any other anniversary. There are large numbers of these young people

just coming on the scene, willing to contribute, willing to work, wanting to establish homes. In spite of the fact that for the present most of them would probably have to be classified not as "unemployed" but as "never employed," they come upon us with the enthusiasm and energy of youth.

Although we now have a high percentage of young people, it is also true that because of the decline of our birth rate and the restriction of immigration, our population may be stationery in twenty years. We are aging. In many cities, fewer children are in the first grade of school than in the second, fewer in the second than the third. But it is no longer accepted, as psychologists once taught, that the minds of men are old in their early twenties. The minds of men can learn at any age. Experience can be reconstructed at any age. An investigator of our numerous forums concludes that they are mainly attended by middle-aged, middle-class people. And why shouldn't they be? There is a high interest of learning among adults. That is one of our great human resources.

In the county in which I live there is a Republican senator who, when conservatives criticized him for saying he wanted every radical to have every opportunity to express himself, replied that he found everybody wanted to change something. Nobody he met, even among his conservative friends, was satisfied with all aspects of the *status quo*. We all have objectives, ideals, values. On many great values there is a high degree of unity. We may differ much as to means, but not as to the desirability of getting rid of poverty, of spreading purchasing power, of producing more and distributing better, of attaining security.

IV.

CONCERNING PRACTICAL IDEALISM

There are many who say that the churches are impotent to "implement idealism." They simply point to the fact that an institution which must serve both sexes and all age-groups is thereby slowed down as an instrument of social education and

greatly handicapped in social action. They say that the social function of the church is more in the nature of conciliator and conservator than of pioneer or adventurer. Others contend that the churches are too close to the fortunate classes in society to make any notable contribution to economic democracy. Is it the function of the churches only to declare social ideals and then leave the individual to choose the means of getting these social ideals to function in a working world? There is much discussion going on about this point, with a good many people feeling that the churches are now obligated to point to some definite means or channel and say it seems worth using. There are some who go further and say the churches must sanction certain agencies of economic democracy, teach people about them, encourage them to take part.

Have we come to the point where a great many churches will permit, and even encourage, action groups within their congregations? Probably not, but we are already at the point where some ministers are facing criticism and joining a cooperative grocery store, or declaring that every worker has the right to join a labor union, or defending organizations among farmers. And we are also at the point where large numbers of members of churches are going into cooperatives, labor unions, and the like. Of course, it is not something new for a church member to belong to a cooperative or a labor union. It is unfortunately something new for a church member to be encouraged by church or minister to join organizations working for economic democracy and to be told that by so doing he is advancing the ideals taught in the church.

Has the church the vitality, the courage, the will to sacrifice, that will enable it to organize for its members ethical adventures in practical idealism?

V.

BUILDING A FUNCTIONAL ECONOMIC DEMOCRACY

A great burden is placed upon those of us who are not enthusiastic about huge governmental spending for pump prim-

ing, or who think that public regulation of private enterprise has not demonstrated outstanding results, or who mistrust the great corporations that profess to be interested in planning of and by themselves, or who reject a highly centralized governmental machine for economic planning.

It is incumbent upon us to make clear our objective of a functional economic democracy, and to declare the specific means whereby we think our ends may be realized.

Everybody is for democracy, as we have noted, but which democracy? Today many conservatives in the business world talk about democracy in terms of anarchy. They want "freedom." Some of the harshest critics of these men say what they want is to get back to the free and flexible pioneering days when every man could be a pig, and by some process not quite understood, the general welfare would be advanced. We reject the idea that numerous piggish individuals somehow can cancel out one another's greed, and that the public good will result.

Social and economic democracy, then, implies organization, self-imposed organization. This sort of organization cannot use the tactics of the brave men and true who built up our first big businesses, with an individualism that was rampant and ruthless and exploiting. And there is no use trying to call back those days.

Some of us think it is inevitable that we are going to change our concepts of economic democracy, because the overwhelming nature of our problems will compel us to change them. We are going to have labor unions in industry, for example, because that is the way industry will have to function. I think of an employer in Vermont in a small family industry who was brought up in a tradition that the factory was just one big family and, of course, no organization among the employees was needed. He woke up one morning to find a strike on his hands. Instead of being shocked, he worked long and hard with the strikers' committee and for the first time in his life found what was on the workers' minds. He recognized the union, has bar-

gained with it, and says of course there will be unions in his industry because that is the way his industry will have to function. He may be one of the signs of our times.

The objective of economic democracy might be stated in this way: The people cannot control what they do not own. They can only control what they do own. When the control of the ownership of the wealth of the nation tends to pass into fewer and fewer hands, political democracy, even when highly developed, is obviously not enough. The wide diffusion of the ownership of property becomes necessary. Obviously, some of this property will be owned by individuals and families. Obviously, too, in our complex days, the people will own by social means. There will also be a social ownership through cooperatives and through managed public ownership.

Economic democracy is at once a set of institutions, a way of procedure and a moral ideal. It is always *becoming*. Its institutions change because their democratic nature provides also the way of procedure. Economic democracy is never wholly attained because of the weaknesses of you and me. But it is not something that cannot be demonstrated. It has begun.

VI.

VARIOUS LINES OF ACTION

There must be various lines of action and a considerable degree of experimentation in building a functional economic democracy. Nobody knows absolutely what our economic system or systems will be like or ought to be like in 1960. Our already mixed system defies those who claim to have the complete blue prints of the good economic society. In the words of a wise minister speaking in defense of experimentation, "The goal shifts."

But when did the church ever teach experimentation? The people who have been accustomed to saying "Thus saith the Lord" on a great many issues of life do not take easily to experimentation. The minister who has relied overmuch on preaching might well heed the results of a recent seminar. The

leader asked, "What are you *doing* with the adults in your churches?" There was a loud silence. The question was repeated, and a young minister answered: "We're preaching at them." Another loud silence. Then another question: "And what are the adults doing?" The reply then was: "They're running away from us."

Probably the ministers are no worse off on this issue than the economists. A member of this profession commented: "You see, I like to have my ultimates right." "And what are your ultimates?" he was asked. He replied in part: "Well, I'm against this damn bungling government. I really believe in voluntary enterprise, but that seems to be too slow, and people aren't organizing fast enough on their own accord. Therefore it seems that governmental leadership is necessary But I'm a member of a hell of a profession, and economics is a hell of a science."

The New Deal has been defended for its experimentalism by many leaders of liberal thought and action. It was an economic and political necessity in its time. But it also is evident that the New Deal was not a thorough effort at experimental economic planning. It started too many activities, some running toward each other on the same track and some running away from each other on the same track. It was too hurried, in large part, to be well administered. Further, its administration was in many instances not marked by democratic procedures. The gradual remaking of the New Deal is a part of the task of the agencies of economic democracy.

The experiments in economic democracy should take two general forms:

(A) Intensive voluntary organization, democratically controlled, looking toward an increase in the function of: (1) Credit Unions, or cooperative banks; (2) Consumers' Cooperatives; (3) Farmers marketing cooperatives; (4) Labor unions.

(B) Improvement of democratically controlled governmental functions particularly in the direction of: (1) Public ownership

of utilities, widely defined; (2) Social insurance; (3) Agencies for the attainment of conciliation and balance and integrated effort among economic groups.

There are other experiments. It may be that some "great servant of the public welfare" will find a way of making corporations democratic. There are rumblings that corporations are thinking of ways and means of becoming cooperatives and of paying patronage dividends. These reports may be straws in the wind.

VII.

CONCRETE PROGRAMS

1. CREDIT UNIONS

We mention credit unions first because they are the simplest to organize and because they are one type of organization which can be readily organized within parishes or congregations. Already there are about 250 "religious credit unions" in the nation. The Federal Credit Union System has given national charters to 50 of these.

Credit unions are small cooperative banks. They receive deposits from and make short term loans to their members. They pay interest on deposits and charge interest on the loans they make. Loans are usually made for periods of six months to a year. Membership in credit unions is on the one-man, one-vote basis. The credit union idea has been tested by long experience. It appears to meet the short term needs of people of moderate means and of low incomes who are not now being served by the commercial banks. Moreover, banks ordinarily encourage the formation of credit unions.

There is great need for cooperative credit organization, because many individuals in need of loans fall into the clutches of loan sharks or pay excessive interest to private lenders. Many teachers have organized credit unions within city school systems. Clerical workers and professional people have shown a great interest in them. It has been found that an ordinary group of employees, or an ordinary group within a small community,

has within its own members enough savings to meet the short-term credit needs of their members. Usually loans are made on security, or with endorsers. Loans are usually made for meeting extraordinary needs of a household, such as the purchase of household equipment, or the payment of hospital bills. Long-term loans such as mortgages on homes are not handled by credit unions.

The idea of credit unions originated in Germany with Frederick William Raiffeisen, a Mayor in search of a method for meeting the credit needs of the people of his city. The credit union arrived in the United States, via Quebec. The late Edward A. Filene, Boston merchant who became interested in economic democracy, promoted the idea for many years in the United States. Most states now have enabling laws and charter and supervise local credit unions. The Federal Credit Union System grants national charters to groups in any state.

There are over 6,000 credit unions in the United States with over a million members. Most of these have been organized since 1929. They have met a need of the people in difficult years. Failures have been very few, partly because credit unions are usually organized among small groups of people who know each other. A borrower feels responsibility when he knows he is borrowing money from his own circle of friends or fellow-employees.

"Brotherhood credit" was the term once applied to the services rendered by these cooperative institutions among the peasants and workers in Europe. Perhaps that is still a good term.

2. CONSUMERS' COOPERATIVES

The consumers' cooperative is a democratic, voluntary, non-profit organization for doing business. Usually cooperatives start with retail trade, then local associations federate and do their own wholesaling. Still later steps are manufacturing for the use of local retail outlets and consumer members, and the formation of special cooperative banks. Local associations main-

tain stores, laundries, gasoline filling stations, apartment houses, restaurants and many other types of services.

The consumers' cooperative is a social invention made by 28 hungry weavers, one of them a woman, in the town of Rochdale in 1844. These weavers accomplished what other pioneers had failed to do. They set up a working mechanism that has since spread to forty nations. There are now reported almost 150,000,000 members of all types of cooperatives throughout the world.

The techniques that have stood this difficult test are as follows:

1. Each member has one vote, no matter how many shares of stock he owns. There is no voting by proxy.
2. The return on capital is fixed and limited, frequently to the legal rate of interest.
3. Shares of capital are transferred at par through the association; this means no watering, no speculation.
4. The surplus of the enterprise is returned to the members in the degree to which they have used its services, the so-called patronage dividend.
5. Sales are usually made for cash at prevailing prices.
6. Books are carefully audited and a part of the surplus devoted to education.
7. Membership is usually open to everybody.
8. Associations are usually neutral in matters of politics and religion, although individual members express themselves as they please on these issues.

In the United States there are about 4,500 consumers' or purchasing associations, rural and urban. In this country farmers have led the way in the cooperative movement and now purchase about 12 per cent of their supplies cooperatively. During the depression there was a rapid growth of consumers' cooperatives in cities. Consumers' cooperatives are altogether independent and do not ask for government subsidies. In the Scandinavian countries, where co-ops do from

10 to 40 per cent of the retail trade of the nation, they have affected the whole price level to the advantage of consumers. They have become voluntary "yardsticks" that have influenced the methods of private business and have forced private interests to eliminate wastes. In no nation has cooperative business completely supplanted private business.

The consumers' cooperative is a method not only of serving consumers and of enabling them to make savings in distribution, but also a method for working a fairly thorough reorganization of our whole economic system. Many religious leaders in the United States, beginning with Walter Rauschenbusch in 1907, have declared that the consumers' cooperative represents a technique of high ethical value. It provides a democratic means to worthy ends. Toyohiko Kagawa, the Japanese Christian leader, has said that cooperatives are the principles of Christianity in economic action. The growth of interest among the religious forces is one of the outstanding events in the cooperative world of the past few years.

How do co-ops get started? Usually some one person becomes interested, talks the matter over with friends, calls a meeting and gets things going. The group may decide to study for a while before organizing. Once having decided to organize, an association must be formed under the cooperative enabling law of the state. Stock or memberships must be sold to prospective members to raise capital. When capital is assured, a store site is rented, a manager employed, supplies are purchased for resale. Many groups first organize an informal buying club to get experience before forming a full-fledged, incorporated cooperative association.

What is necessary for success? First, probably comes efficiency of operation. Untrained idealists cannot run a store. A manager who knows how to manage a business must be employed. A cooperative is a business, in competition with other businesses. It can only survive by serving its members more satisfactorily than its competitors. But a truly "successful" co-

operative is one that becomes a school of democracy and makes people more cooperative.

3. FARMERS' MARKETING COOPERATIVES

The invention of Rochdale has been variously applied and adopted. It has been applied not only to consumption and to credit, as we have seen, but also to production and to marketing. Of producers' cooperatives there are as yet very few in the United States. In Rochdale, Mississippi, sharecroppers driven out of Arkansas are starting life anew by trying to make a plantation over into a cooperative farm. Among fishermen in Nova Scotia there are a number of very useful producers' cooperatives.

There are in all 20,000 farmers' cooperative organizations of all types if the mutual fire insurance companies, the credit cooperatives functioning through the Farm Credit Administration, the purchasing cooperatives (previously mentioned) and the marketing associations are included. About one-third of the farmers of the nation are members of one or more purchasing or marketing associations. Although it is often said that urban people know more about working together than farmers, farmers have thus taken more practical steps to join and organize cooperatives than any urban groups in the United States.

There are now about 8,000 farmers' cooperative marketing associations. Most of them are small community groups, having an average of about 40 persons as members. These small groups have been a source of strength and of weakness to the marketing movement. They have helped by providing solidarity and a basis of association. But they have been too small to employ expert marketers as managers and they have often been reluctant to federate into large units.

There are two kinds of large scale marketing organizations. First, there are federations of local associations which perform important marketing services for the community units. An example is Land O' Lakes Cooperative Creameries that markets butter made in over 400 local creameries in Minnesota and Wisconsin. The brand name is *Land O' Lakes*. This federation

has standardized methods of production among the producing units. It has advertised the brand name and engaged in large scale marketing.

Second, there are regional associations of relatively large membership—including some associations for marketing wheat and cotton which have been set up over a wide area without local units having first been organized. They have been organized as a means of getting quick action among large numbers of people. In many cases, local units are formed after organization, for the purpose of maintaining association among members and thus building solidarity. These regional associations are perhaps the most controversial among cooperatives.

Cooperative marketing is one of the farmers' main methods of collective bargaining. As a producing unit the family-sized farm has held its own against the large scale farms which are at times widely heralded as destined to replace it. A study made by the Chamber of Commerce of the United States in 1929 showed that the family-sized farm had exactly the same financial result as the very large farms run by managers, practicing division of labor and using large machines. Individual production is a distinguishing mark of American agriculture. But as an individual marketer the farmer is almost helpless. He must organize to make an impact on his markets, deal with large distributors and make orderly deliveries. Cooperative marketing is an evident necessity of the American farmer.

4. DEMOCRATIC LABOR UNIONS

A student of industrial relations recently observed: "Concerning recognition of the right of collective bargaining for labor, the industrial leadership of the nation stands just where it did in 1920. Our industrialists still generally oppose labor's right to organize. When they have recognized unions or made changes in their practices, they have usually acted as they have been forced to act by two factors, first, labor's own gains of membership and strength and second, because they were ordered to make changes by law enforcement agencies."

As the National Labor Relations Board recently contended in a brief filed with the Supreme Court of the United States: "The promotion of collective bargaining as a means to industrial peace . . . requires as a postulate the complete freedom of employees to choose their own representatives without interference by employer. Abundant experience demonstrates that the confidence of employees in means of peaceful negotiations of labor disputes, and hence their willingness to resort to them, can only be obtained if the negotiators on their behalf are truly selected by them; that only under the same conditions will agreements, once negotiated, command their adherence."

The large majority of workers of the United States are still among the unorganized. One has only to think of the numbers of laborers on farms, of those engaged in domestic or personal services, of the numbers of unskilled workers, to verify this observation. For many decades prior to the depression organized labor in the United States was mainly organized skilled labor. Following the World War and even in the early days of the NRA there were organized a great many employee-representation plans, called "company unions" by organized labor, because such organizations tended to be dominated or unduly influenced by company management. But since the enactment of the National Labor Relations Act of 1935, which has made legal definitions of unfair labor practices, many employee representation plans have faded out, and there have been great gains in the membership of labor unions with officers chosen by workers themselves.

The Committee for Industrial Organization has drawn the most public interest of recent years. The C.I.O. is not a union, as many think. It is a committee representing a group of industrial unions (39 at present) that is furthering the idea of worker organization by industries rather than by crafts. These unions are convinced that only by industrial organization can labor really advance. Until 1936, the craft unions organized the workers of a given craft—such as joiners, painters, electricians

—without particular regard to the organization of other workers in the same industries. Thus across the country the carpenters were well organized but the steel workers were scarcely organized at all. Obviously if only one or two crafts were well organized in such an industry as automobiles, these organized crafts could bring comparatively little pressure to bear upon management which they considered recalcitrant in bargaining and unfair in practice. If, on the other hand, the whole of a given industry could be organized, plant by plant, it was felt that the workers' influence could be more effective.

The C.I.O. claims 3,400,000 members after a little more than two years of work. This Committee was started by unions within the American Federation of Labor, which suspended them because it alleged that the C.I.O. was really a rival organization. The result is that in certain industries today we have A.F. of L. affiliated unions and C.I.O. affiliated unions engaged in rivalry and voting against one another in elections conducted by the National Labor Relations Board.

The Big Four of the railroad workers, the unions of the conductors, trainmen, engineers, firemen, which are craft unions, are not in the A.F. of L. but they cooperate with other railroad craft unions that are in the Federation through the Association of Railway Labor Executives.

Labor's consciousness of political influence is a new factor on the scene. Labor's Non-Partisan League was an important influence in the campaign of 1936 when it supported President Roosevelt. The American Labor Party in New York assured the re-election of Mayor LaGuardia in 1937. Its vote of over 400,000 is being regarded as "the balance of power" in the state. And the state with its large number of electoral votes is very important in every national election. Thus Labor already has national political power.

5. PUBLIC OWNERSHIP

What agencies of economic democracy shall be under voluntary control? Which shall be handled by the state? Obviously,

informed people differ on where the line should be drawn. In Denmark, for example, often upheld as a nation where "everything" is cooperatively organized, we find that the railroads and communications are public monopolies and social insurance is provided through the state. Sweden has some electric utilities privately owned, some government owned, some cooperatively owned. The Swedes are famed for cooperatives and also for some state monopolies and social insurance.

If the people are to own the nation they must own much of it on a social rather than an individual basis. There are two forms of this social ownership. First, cooperative ownership, which is "private" but non-profit. We have already considered the various types of cooperative organization. Second, public ownership through local, state or federal governments, such as parks, playgrounds, postal services, water works, schools, universities, utilities for power and light. Public ownership and operation is simply one method used by the people to supply their needs.

Recently a man stood on a large bridge and asked a policeman who owned the structure. The policeman replied that it was owned by the Port Authority. "And who owns the Port Authority?" "That is owned by the states of New York and New Jersey." "Rank socialism," said the man. "No, it's not socialism," protested the cop, "it's just the states." We are having a good deal of such socialism (which means public ownership and operation) in the United States, but we are getting it without the label.

The main controversy in the nation today in regard to public ownership is over the utilities which are recognized as being "affected with a public interest." They are generally private monopolies publicly regulated. Only 6 per cent of our light and power consumption is furnished by publicly owned utilities, mainly through municipal plants. Some advocates want to push a public power program so as to make it universal. To do so would now require national governmental participation, be-

cause one utility system may cover many states. Others want national governmental participation only as a yardstick or a check, to determine what power should cost the people, and thus by competition force the rates of private utilities to come into line with the public price schedules.

6. SOCIAL INSURANCE

Dr. Kingsley Roberts, a liberal physician, formerly Assistant Surgeon of Post-Graduate Hospital, New York City, recently estimated that more than 50 per cent of the families in the United States do not have enough income to provide themselves with complete medical care and that eventually complete medical care would have to be provided through some form of public funds. He added that about 35 per cent of the families of the nation with moderate means could provide themselves with complete medical care on a *cooperative* basis if they organized themselves into large enough units so as to provide a hospital and a group of physicians who would represent the important specialties. The other upper income families probably have enough income so that they can provide themselves with medical care without special provision or group organization.

This estimate again illustrates the problem of the relative emphasis on voluntary or governmental means of providing services. Certainly we are all impressed with the risks of life. We are impressed with the growing insecurity of our industrial system. And agriculture is not immune from the insecurity that comes with swift changes while approximately 50 per cent of our farm families, according to a recent estimate of Dr. L. C. Gray, an economist of the Department of Agriculture, are definitely in "disadvantaged classes." Inventions upon inventions create such technological difficulties that many people think that business, even if freed from federal control, could not possibly cope with our technical improvements. Machines create jobs as well as destroy them, and there is as yet no accurate way of determining the extent of either process. But with a large labor reserve in our unemployed and never em-

ployed groups, there is no evidence that we have begun to have social control over our power driven machinery.

In the face of such widespread uncertainty social insurance has become a necessity of modern economy. Fewer and fewer people say "Let everyone take care of himself." Fewer and fewer people believe that unemployment is just the result of the weakness and shiftlessness of the people out of work. More people are admitting that we have a new set of living conditions, and that it is pure romance to talk about the grand days when insecurity was regarded as a good thing which helped make the nation great.

Private enterprise has so developed that we are the most insured people in the world against the risk of death. But nevertheless our life insurance provision is not complete because the tendency of life insurance companies is to advertise and give their best services to the fortunate. The poor pay heavily for their meager protection. Some state or some cooperative action appears to be much needed.

In insuring workmen against accidents many victories have been won by means of state action although state action in this realm was once opposed as of the devil. In unemployment insurance the beginning of the beginning has been made through federal and state taxes functioning through grants to state systems. In old age security we still have chiefly "old age assistance" plans rather than old age pension plans, but the latter are in the making. Public health insurance is beginning to be widely discussed and the relative merit of state plans or cooperative effort is part of the discussion.

7. BALANCE AND INTEGRATION

In actual experience, there is often no cooperation between farmers' marketing and urban consumers' cooperatives. Labor is often seen opposed to labor. Farm leaders and labor leaders seldom if ever meet. The old conflict between capital and labor has been magnified many times as labor gets stronger. It is said that there has never yet been a meeting in this nation in which

representatives of private business, cooperatives, labor unions, farm organizations, consumers, investors, sat down together to talk about the economic future of the nation.

There is need for conference tables, mediation, conciliation, umpiring. As yet there is no classless society and there may never be one, but there is need for maintaining balance between groups for coordination of effort, for integration. Coordination of effort in a democracy is not the same as dictatorship but we manifest great concern lest centralized democratic government slip over into dictatorship. There are governmental systems that provide for highly integrated economic effort. They are named Fascism, Naziism and Communism. Those who believe in economic democracy had better get busy and demonstrate that such democracy can function, that group can live with group, before necessity may force upon us a sort of integration which we do not want.

Economic groups must learn of their interdependence. Organized groups must not be permitted to tread upon the unorganized in society. There are several ways whereby we have already worked at this matter of reconciling group interests, of resolving group conflicts. We shall have to go on improving on them.

First, between groups some degree of respect and cooperation can be and must be attained by *wholly voluntary processes*. Probably the A.F. of L.-C.I.O. matter must be settled in the house of labor itself. It will probably be best for labor and for society if it shall be so settled. In Sweden, much has been accomplished by farm organizations dealing directly with consumers' cooperatives. The costs of distribution have been reduced. No governmental intervention of any kind has been needed.

Second, there are many times when the *government must have the last word* as the representative of all the people. Sometimes government need only offer its services as conciliator, as does the Labor Conciliation Service of the Department of

Labor. But sometimes it is also necessary to define group relations in law as in the case of labor relations on the railroads, where employers and employees joined together to ask the government to set up a machinery which must be used—the Railway Mediation Board.

Third, there are times when *voluntary and governmental means must be combined*. The work of the National Labor Relations Board is a case in point. When voluntary collective bargaining falls into snags, the government agency may be called in to umpire elections or to conduct investigations and issue orders against unfair practices. Another instance was the Agricultural Adjustment programs, which called for a high degree of cooperation between governmental and local voluntary effort. Likewise, the Farm Credit Administration is a public credit system functioning mainly through local cooperatives.

Our democracy is unique among the nations. Our burdens are great, but we are not beset with the harassing problems of many other nations. Our tremendous resources and our isolation are advantages. Out of our own travail and ferment should come our own middle way.

VIII.

LET'S DISCUSS AS WE ACT

One reason why the average church gets nowhere in adult education, and even in young people's work, is that the minister and the lay leaders seem to know nothing about the newer methods of informal, democratic education that have been developing during the past twenty years.

The religious census of 1926 recorded over 225,000 local churches (Jewish, Catholic and Protestant) in the nation. What proportion of these have become unique agencies of adult education? Are there 2,250 churches (1 per cent) which are in any degree venturesome in adult education? Are there 2,250 churches which have within their membership one person, minister or lay leader, who can lead a discussion group? Are there a thousand ministers, trained to preach, who can adapt themselves also to truly informal, democratic education? Who

has done the most pioneering in adult education the past five years—President Roosevelt or the 225,000 local churches?

Why not discuss as we act? Why not have action groups and discussion groups one and the same? We have always talked *somewhat* before we have acted, as we have acted, after we have acted. Where education leaves off and action begins is a matter that must be referred to those who think they can split hairs. But why not discuss systematically?

In actual practice this might be one of the most difficult things in the world to carry out. The church deals mainly with the values of people. And yet as soon as the church begins to present values in concrete terms, to discuss these values against specific social, economic or political problems, it appears to be stepping out of the realm of the "religious" into the "secular." Unfortunately—or fortunately—people live and operate in both realms, at the same time. We are members of a church seeking ultimate values and at the same time we are members of a political state and an economic order seeking immediate and practical solutions to the problem of living together.

IX.

MOTIVES AND RESULTS

The long road to individual integrity is the short road to better social organization, contends Arthur E. Morgan. Economic cooperation does not come without sacrifice on the part of individuals. By what motive shall we work so that every child shall have food, that poverty may be abolished, that cooperativeness may eventually triumph? Thus far, if one is fair, one must say that movements for economic democracy have been variously motivated. Kagawa is motivated by evangelical religion of an old school. But the Scotch Catholics who are changing the map of Nova Scotia speak another language. Many young Protestant ministers are looking upon economic democracy as a "missionary" task. Mark A. Dawber, the new secretary of the Home Missions Council, says it is missionary work to be interested in preventing economic disaster, in work-

ing to free sharecroppers from bondage, in encouraging cooperatives. Yet the cooperative movement in this country was kept alive by free-thinking Finns. And in the Scandinavian nations, hailed by many as the only nations from whom we can learn anything, the clergy have for decades been generally aloof of the economic cooperative movements.

There has lately been much discussion of the roots versus the fruits of faith. It is often observed that we do not live in an age of faith. Therefore, it is suggested, let us pay attention once more to the roots of faith, which are in God, then we will have more fruits of faith in the form of work with our fellow men.

But there is another view of roots, fruits and God. This view holds that roots, fruits, God and the will of God, are to be found in vital, cooperative struggles with our fellow men: that man is inevitably a social being and nothing without his comrades; that it is in his activities with his co-workers toward high ends by good means that he realizes his divine potentialities.

In either case, man does not escape working with his fellows toward that fine adjustment of liberty, opportunity, and fraternity which we have long designated under such ideal phrases as "democracy" and "the kingdom of heaven on earth." As a nation—a social group—we are always on the move either toward or away from our goal. Those of us who set great store by the goal must be ever renewing our concern for our next steps.

The Church in the Democratic Process

• by ELIZABETH WHITING

In America it is comparatively easy to persuade people to use recently discovered mechanical or material gadgets. It is not difficult to prove the value of a new kind of electric light bulb

or a new method of shifting gears in an automobile. It is, however, extremely difficult to show to those same Americans the value of untried social methods—as, for example, the possibility of a cooperative ownership and management of the electric plant which generates the current for the electric bulb. This reluctance has been called “social lag.”

The Church must take up some of this slack in our social thinking; must show the wisdom of necessary improvements; must give people the courage to demand more Christian human relations, so that a changing civilization may seem an adventure rather than something to be feared and fought.

This cannot be done without the participation of a majority of our membership. There is no doubt but that participation in large enterprises comes as a result of practise in smaller ones. What type of group meeting gives individuals the keenest sense of partnership in a common cause?

There are of course times and places when the use of a speech or lecture, even in discussing controversial issues, is necessary and desirable, but any adult church program which depends upon this kind of method alone will fall far short of its objective. No one person can possibly know the whole truth about any one of our many social problems. Our differences can only be resolved by developing thinking individuals who are sensitive to human needs, and who are willing to work out the answer which is mutually right. And there is joy in the democratic search for new truths or for fresh interpretation of old truths.

Three ways of attempting such a cooperative educational process are,—“*The Discussion Method*,” “*the Panel Discussion*” and “*the Public Conversation*.” In all of these a complete understanding of the techniques and the right kind of leadership are essential to their success.

The “*Discussion Method*” is not new, but one rarely sees it at its best. The question of leadership is of paramount importance. The leader must, of course, have technical factual knowledge of the subject that is to be discussed. He should have

enough mental flexibility to be undisturbed by the expression of an opinion which is divergent from his own. He must at all times be willing to admit his own lack of complete knowledge. He must be able to draw out the members of a group who do not talk easily or readily and to tactfully silence the too-talkative person. He should at all times keep the discussion "on the track." He must be unhurried, and allow members of a group adequate time to think. An infinite capacity for patience is especially necessary with a new group. One of the greatest dangers to successful leadership is the feeling of panic which comes when a group is silent and hesitates to speak. The leader must have infinite tact and patience and, most fundamental of all, a *belief that the other members of the group have as much to contribute as he has himself*. One of the most interesting phenomena in church leadership is the fact that many successful preachers and teachers, because of their own training, are not patient enough to wait for less experienced individuals to express themselves.

Next to leadership the physical arrangements for a discussion are important. There should never be more than twenty members of such a group, as it is essential that each individual have a feeling of participation. The chairs should be comfortable if possible and arranged in a circle or semi-circle. An intelligent discussion never happens where people are in rows facing the leader.

The "*Panel Discussion*" is a method which has been tried frequently in the last few years, but which is not well understood by many people. It is useful as a platform demonstration of the discussion when a large audience is to be present. Here again the leader must possess the requisites of all good discussion leaders. A panel discussion is a rapid-fire presentation of several different points of view on a given subject. For example, if the question is "How Can We Make America Safe?" there should be five or six different opinions represented, such as: one, the person advocating large armaments; two, the individual who believes in complete economic and political isolation for the

United States; three, the pacifist; four, the person who advocates collective action through membership in the League of Nations.

The leader in such a discussion expresses no opinion himself. He serves as a sort of mental traffic officer, asking skillful questions and re-emphasizing points which may be especially important. No member of a panel discussion should be allowed to make a long speech but at the same time must have sufficient opportunity to make his point clear. A group of individuals sitting at a table in front of an audience, each rising in turn to make a ten minute speech, does not constitute a panel.

A simpler way of presenting different points of view to an audience is the "*Public Conversation*" in which two or three individuals take part. In this there is no leader as such, and the speakers should be equal in ability and training. Two or three comfortable chairs, if possible a fire-place and lamp attractively arranged in front of the audience, provide proper atmosphere. The members of such a group will informally walk to their chairs, sit down and discuss a question as two or three people might do in a living room at home.

The success or failure of adult education depends upon the leader's willingness to experiment in these and other techniques. How often one hears this phrase: "We can't talk about that subject; it is too controversial." Fear is a powerful instinct and it leads us into paths not only devious but often deadly dull. Any real effort to overcome fear is dependent upon participation in the kind of activities which call for the exercise of courage. This is true of intellectual as well as physical activity. Surely one test of a well rounded church program should be "Does it develop intellectual courage?"

The Director of the Boston Center for Adult Education is co-author with Dr. Kirtley Mather of a recent book "Adult Education. A Dynamic for Democracy"—Dorothy Hewitt and Kirtley F. Mather—D. Appleton-Century Co., New York—\$1.75.

In this volume are more complete descriptions of the educational methods mentioned, as well as other valuable helps in planning an adult program.



ESTABLISH JUSTICE